Global Markets Research

Daily Market Highlights

26-Nov: Calm on Thanksgiving

US markets closed for Thanksgiving holiday

European markets traded in a bid tone while Asian markets saw mixed performances

BOK hiked rates by 25bps as expected on inflationary concern

- US markets were closed for Thanksgiving holiday overnight. Earlier, European markets traded in a bid tone while Asian equities ended mixed as markets weighed increased growth optimism triggered by positive US data and ongoing inflationary concerns. BOK raised its 7-day repo rate by another 25bps to 1.00% as expected, marking its second increase since the pandemic as it expects inflation to exceed, or hovering near its target through next year (2.3% in 2021 and 2.0% in 2022).

- The dollar index settled slightly lower (-0.09%) at 96.79, but remained near its highest level since Jul-20 supported by Fed rate hike expectations. The USD traded mixed against the majors but overall moves were limited amid a quiet market in the wake of US markets closure. The EUR and JPY posted small gains vs the USD while the sterling and Aussie saw small losses.

- USD/MYR advanced for an 8th straight session, by another 0.4% to close at 4.2295 on Thursday, its highest in three months. The pair has broken the 4.22 key resistance and is now in overbought territory, suggesting technical consolidation is in sights. We expect some pullback today anticipating a neutral USD outlook as well as positioning ahead of the weekend.

- Gold prices found some grounds and advanced 0.22% to $1788.30/ oz as the USD consolidated after recent sharp gains. Crude oil prices however retreated following calls for coordinated moves by major consuming countries to tap into their respective oil reserves. Brent crude ended 0.04% lower at $82.22/barrel while WTI pulled back 0.5% to $78.03/barrel.

Japan data signals some positivity in domestic demand:

- The slew of economic releases offered some reliefs to the long battered down Japanese economy. Final reading of leading and coincident indices came in higher than initially estimated at 100.9 and 88.7 in September, although still marked a pullback from August levels (101.3 for leading and 91.3 for coincident). Nationwide departmental store sales snapped a two-month decline to increase 2.9% y/y in October (Sept: -4.3%) thanks to turnaround in all major categories except household goods signalling resilient demand post easing of movement restrictions. Meanwhile, machine tool orders quickened again to 81.5% y/y (Sept: +71.9%) spurred by a jump in foreign orders, notably in electrical & precision, shipbuilding & transport, offering tell-tale signs of some recovery in investment.

Hong Kong exports grew more than expected:

- Exports expanded at a faster than expected pace of 21.4% y/y in October (Sept: +16.5%), spearheaded by quicker growth in exports to China and the US, its two biggest exports markets. Imports growth however moderated more than expected to 17.7% y/y (Sept: +23.5%), unexpectedly narrowing the trade deficit to HK$30.5bn

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	35,804.38	-0.03
S&P 500	4,701.46	0.23
NASDAQ	15,845.23	0.44
Stoxx 600	481.72	0.42
FTSE 100	7,310.37	0.33
Nikkei 225	29,499.28	0.67
Hang Seng	24,740.16	0.22
Straits Times	3,221.52	-0.17
KLCI 30	1,517.60	-0.31
FX		
Dollar Index	96.79	-0.09
EUR/USD	1.1207	0.07
GBP/USD	1.3324	-0.03
USD/JPY	115.37	-0.05
AUD/USD	0.7189	-0.10
USD/CNH	6.3879	-0.12
USD/MYR	4.2297	0.46
USD/SGD	1.3680	-0.03
Commodities		
WTI ($/bbl)	78.03	-0.46
Brent ($/bbl)	82.22	-0.04
Gold ($/oz)	1,788.30	0.22

Note: Dow Jones, S&P500, NASDA's levels as at 24-Nov closing
Source: Bloomberg, HLBB Global Markets Research

(Sept: -HK$42.4bn). Continuous recovery in the world economy and a resilient China domestic consumption should augur well with Hong Kong exports outlook going forward.

New Zealand consumer confidence remained weak:

- ANZ consumer confidence index weakened a 5th straight month to 96.6 in November (Oct: 98.0), as a fall in future conditions index outweighed the increase in current conditions index. Consumers showed increasing concern over the economic outlook in New Zealand but on a more comforting note, inflation expectations retreated.

House View and Forecasts

FX	This Week	4Q-21	1Q-22	2Q-22	3Q-22
DXY	94-96	94.50	95.00	95.50	96.50
EUR/USD	1.13-1.15	1.15	1.14	1.14	1.13
GBP/USD	1.33-1.36	1.35	1.35	1.34	1.33
AUD/USD	0.71-0.74	0.72	0.71	0.71	0.70
USD/JPY	113-115	112	113	114	115
USD/MYR	4.18-4.23	4.15	4.15	4.15	4.15
USD/SGD	1.35-1.37	1.35	1.34	1.33	1.34

Policy Rate %	Current	4Q-21	1Q-22	2Q-22	3Q-22
Fed	0-0.25%	0-0.25%	0-0.25%	0-0.25%	0-0.25%
ECB	-0.50	-0.50	-0.50	-0.50	-0.50
BOE	0.10	0.10	0.10	0.10	0.25
RBA	0.10	0.10	0.10	0.10	0.10
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
BNM	1.75	1.75	1.75	1.75	1.75

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
26/11	AU Retail Sales MoM (Oct)	1.3%
	MA CPI YoY (Oct)	2.2%
	SG Industrial Production YoY (Oct)	-3.4%
29/11	JP Retail Sales MoM (Oct)	2.8%
	MA Exports YoY (Oct)	24.7%
	EZ Economic Confidence (Nov)	118.6
	US Pending Home Sales MoM (Oct)	-2.3%
	US Dallas Fed Manf. Activity (Nov)	14.6
	VN CPI YoY (Nov)	1.77%
	VN Exports YoY (Nov)	0.3%
	VN Retail Sales YTD YoY (Nov)	-8.6%
	VN Industrial Production YoY (Nov)	-1.6%

Source: Bloomberg

Hong Leong Bank Berhad

Fixed Income & Economic Research,
Global Markets
Level 8, Hong Leong Tower
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936

HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad (“HLBB”) to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group (“HLB Group”). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.